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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 26, 2010

CERTIFIED RETURN RECEIPT
7003 2260 0002 0247 9482

Mark Carter
MMG Mining
3655 Lupine Way
St. George, Utah 84790

Subject: Notice of Expiration of Reclamation Letter of Credit Number _____, MMG Mining, Bald Knoll Mine, S/025/0012, Kane County, Utah

Dear Mr. Carter:

The Division appreciates receiving a new letter of credit with an increased surety amount as required in our letter of August 24, 2009.

Please review the enclosed notice of non-renewal notification from Village Bank indicating letter of credit (LOC) # _____ in the amount of \$24,600.00 for the Bald Knoll mine will not be renewed. According to the terms of the LOC, the bank may elect not to renew as long as a ninety (90) day notice is given to the Division. These terms have been met; therefore, effective July 30, 2010, the LOC will be not be renewed. Paragraph 2 of the Reclamation Contract, states the operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice.

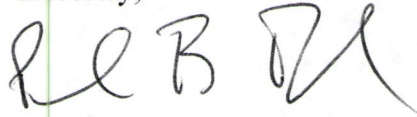
You are hereby advised that the Division must receive a replacement form of surety on or before June 21, 2010, or the Division will be forced to do any/some of the following:

- Carry out the terms of LOC number (_____)
- Submit a request to the Board of Oil, Gas and Mining to withdraw the permit
- Order the cessation of mining operations
- Order immediate reclamation of all lands affected

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If you have questions or require assistance regarding the surety, please contact Penny Berry (801) 538-5291 or email bondcoordinator@utah.gov . Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker', with a stylized flourish at the end.

Paul Baker
Minerals Program Manager

PBB:pb
Enclosure: Notice of Non-Renewal
Cc: John Blake, SITLA
P:\GROUPS\MINERALS\WP\M025-Kane\S0250012-BaldKnoll\final\cancel-operator-3129-04262010.doc